operation of law and that the CACRs would prohibit such a transfer. Pet. App. 61a-68a. Consequently, Cubatabaco did not acquire the ownership rights in the COHIBA mark in the United States and could not bring an infringement action. *Ibid*. The United States also suggested, however, that the CACRs would not prohibit a court from granting most of the relief that the district court had provided (including the cancellation of respondents' COHIBA registration and the injunction barring respondents from using the COHIBA mark) under another legal theory, such as a claim based on consumer confusion over origin of the goods, that did not rely on respondents' infringement of a United States trademark. *Id*. at 58a, 68a-74a.

The court of appeals affirmed in part, reversed in part, and remanded the case for entry of a judgment rejecting all of Cubatabaco's claims. Pet. App. 5a-6a, 48a. The court of appeals determined that it should address the impact of the CACRs, even though respondents had failed to raise that issue before the district court, because it implicates an issue of significant public concern respecting the Nation's policy toward Cuba. *Id*. at 18a. The court concluded, without addressing the validity *vel non* of the famous marks doctrine, that the CACRs prevent a Cuban entity from acquiring United States trademark rights through such a doctrine. *Id*. at 18a-19a. The court agreed with the United States that the CACRs generally prohibit the unlicensed transfer of United States trademarks to Cuban entities, *id*. at 21a-22a, 24a-26a, that the prohibition extends to transfers by operation of law, such as through the famous marks doctrine, *id*. at 25a-26a, and that Cubatabaco could point to *no* general or specific license authorizing Cubatabaco to acquire the United States rights to the COHIBA trademark through the famous marks doctrine, *id*. at 27a-28a.

The court of appeals further concluded, however, contrary to the United States' suggestion, that Cubatabaco could not obtain relief based on a claim of consumer confusion over the origin of

the goods, apart from trademark infringement, under Section 43(a) of the Lanham Act. Pet. App. 30a-35a. The court first observed that Cubatabaco had not made such a claim in the district court. It noted that Cubatabaco had initially asserted several Section 43(a) claims that did not depend on trademark infringement (such as false advertising), but Cubatabaco later stipulated to dismissal of those claims with prejudice. *Id.* at 31a. The court then concluded that, even if Cubatabaco had made a Section 43(a) claim based squarely on consumer confusion as to origin, without claiming ownership rights in the United States trademark, the claim should be rejected:

> Cubatabaco cannot obtain relief on a theory that [respondents'] use of the mark causes confusion, because, pursuant to our holding today, [respondents'] legal right to the COHIBA mark has been established as against Cubatabaco. [Respondent] has a right to use the mark in the United States because it owns the mark in the United States.

Id. at 34a. The court explained that, because the CACRs prevented Cubatabaco from acquiring the United States ownership rights in the COHIBA mark, Cubatabaco should not be able to achieve what would be, as a practical matter, the "same transfer" through the "more circuitous" route of a Section 43(a) claim that does not require ownership of the United States mark, but only consumer confusion about the origin of the goods. *Id.* at 35a. See *id.* at 19a ("to grant this relief would entail a transfer of property rights in the COHIBA mark to Cubatabaco in violation of the embargo").

The court of appeals also rejected Cubatabaco's contention that it was entitled to relief under Article 6^{bis} of the Paris Convention, as implemented through Section 44(b) and (h) of the Lanham Act. Pet. App. 35a-39a. Because the CACRs prevent Cubatabaco from acquiring the United States COHIBA mark through the famous marks doctrine or excluding respondents

from using the mark in the United States, the court did not interpret Article 6^{bis} and Section 44(b) and (h) to require cancellation of respondents' mark or an injunction against its use in those circumstances. *Id.* at 38a. The court further observed that, to the extent that there might be an "irreconcilable conflict" between the CACRs and the Paris Convention, the CACRs should control because Congress "reaffirmed and codified" those regulations in 1996—after the United States approved the 1967 Stockholm revisions of the Paris Convention—through the LIBERTAD Act. Pet. App. 38a-39a. Finally, the court of appeals rejected Cubatabaco's claims under Articles 7 and 8 of the Inter-American Convention, reiterating its previous holding in *Havana Club Holding, supra*, that such claims cannot be asserted through Section 44(b) and (h) of the Lanham Act. Pet. App. 39a-43a.

DISCUSSION

The court of appeals correctly concluded that the Cuban Assets Control Regulations (CACRs) prevented Cubatabaco from acquiring, through the famous marks doctrine, the ownership of the COHIBA trademark in the United States. Cubatabaco does not seek this Court's review of the court of appeals' decision on that central issue in the case, which in any event does not conflict with any decision of this Court or another court of appeals. Cubatabaco instead asks this Court to review other issues that are either novel, case-specific, or both. Those issues do not warrant this Court's review.

A. The Court Of Appeals Correctly Concluded That The Cuban Assets Control Regulations Prevented Cubatabaco From Acquiring Ownership Of The COHIBA Trademark In The United States

The court of appeals reviewed a district court decision holding that Cubatabaco had a legal right, under the rarely-invoked famous marks doctrine, to obtain cancellation and an

injunction against the use of the COHIBA trademark in the United States, notwithstanding respondents' registration of that mark. The court of appeals did not resolve, however, whether the famous marks doctrine would otherwise apply in this case, because it appropriately addressed the dispositive question of whether the CACRs would allow Cubatabaco's acquisition of the United States trademark by that doctrine. The court of appeals agreed with the United States' views, set out in its letter brief as amicus curiae, on that question. The court correctly concluded that Cubatabaco does not own the United States rights to COHIBA because the CACRs prohibit transfers of trademarks by operation of law. See Pet. App. 24a-28a. The court recognized that the CACRs generally bar such transfers of property, *id.* at 24a-26a, and that Cubatabaco did not have a general or specific license allowing the acquisition, *id.* at 27a-28a. Cubatabaco does not challenge that principal holding of the court of appeals, which in any event presents a question of first impression and necessarily does not conflict with any decision of this Court or any other court of appeals. See Pet. i.

B. The Other Issues That The Court Of Appeals Discussed Do Not Present Any Question Warranting This Court's Review

Cubatabaco seeks this Court's review concerning Cubatabaco's right to other relief, based on theories not dependent upon ownership of a United States trademark, under Section 43(a) of the Lanham Act, Article 6bis of the Paris Convention, and Articles 7 and 8 of the Inter-American Convention. See Pet. i. Cubatabaco argues that its asserted right to relief under those alternative theories raises important issues of deference to the Executive (Pet. 12-22), treaty abrogation (Pet. 22-26, 28-29), and trademark protection (Pet. 26-28). Cubatabaco's arguments, which take issue with the court of appeals' discussion of unusual factbound matters ancillary to the court of appeals' central

holding in the case, do not give rise to any question that warrants this Court's review.

1. Cubatabaco first seeks resolution of a matter that it did not initially raise in the court of appeals, but the United States, as amicus curiae, noted in its letter brief. See Pet. App. 30a. The United States observed that, while the CACRs prohibit Cubatabaco from obtaining the United States rights to the COHIBA trademark, the CACRs do not necessarily preclude a court from awarding certain other relief under Section 43(a) of the Lanham Act, because "it does not appear that the acquisition of a U.S. trademark by Cubatabaco is a necessary predicate for [those] remedies." *Id.* at 68a. The United States explained that, while Section 43(a) is usually invoked by the holder of a United States trademark, there may be a "limited category of section 43(a) actions in which the plaintiff need not prove that it holds the valid United States trademark in order to obtain the remedies of cancellation of the defendant's registration and injunction against the defendant's use of the mark." *Id.* at 70a. The court of appeals rejected that possibility in this case, concluding that it would effectively result in the "same transfer" of property rights that the CACRs forbid. *Id.* at 35a. The court of appeals' rejection of that theory, while in error, does not present a matter warranting this Court's review.

a. The United States' letter brief, which precipitated the court of appeals' discussion, addressed only the abstract question of whether the CACRs would bar all Section 43(a) relief and not the separate question of whether Cubatabaco had properly preserved a possible Section 43(a) claim not based on ownership of the United States trademark. The court of appeals expressly recognized, however, that "Cubatabaco did not litigate this Section 43(a) claim in the District Court." Pet. App. 31a. The court explained that it nevertheless would address the possibility of such a claim because, if respondents had not been tardy in raising their CACR-based objections, "Cubatabaco might have

litigated in the District Court a claim of the type imagined by the United States." *Ibid.* The court of appeals' discussion of a possible claim that Cubatabaco did not assert in the district court, the district court neither reached nor resolved, and the court of appeals reached only because it addressed another unpreserved issue that is not included in the petition, does not arise in a concrete context that would be appropriate for review by this Court. See *id.* at 30a-35a.

b. Moreover, the court of appeals' discussion of the hypothetical Section 43(a) claim was closely bound up with the highly unusual factual scenario before it and the application of the CACRs. The court of appeals rejected the United States' suggestion that a Section 43(a) claim based on consumer confusion over origin, but not based on ownership of the United States mark, might lie in the circumstances of this case. The court relied, however, on its antecedent holding, which Cubatabaco does not challenge, that the CACRs barred Cubatabaco from obtaining ownership of the United States trademark under the famous marks doctrine and that respondents therefore had a priority over Cubatabaco with respect to that mark by virtue of their otherwise valid registration of the mark in the United States. See Pet. App. 33a-35a. The court's decision accordingly is limited to the situation in which a foreign trademark owner: (i) owns a foreign mark that might meet the demanding requirements of the famous marks doctrine; (ii) has elected not to register that well known foreign mark in the United States despite the obvious advantages of doing so; and (iii) is subject to a federal law that bars the acquisition of the United States mark by operation of the famous marks doctrine. Although the United States views the court of appeals' decision as in error, it knows of no other judicial or administrative action presenting those highly unusual circumstances, nor does it expect that such cases might arise in the future.

i. The famous marks doctrine provides protection for well known foreign trademarks that, despite not being used or registered in the United States, have obtained at least secondary meaning in this country. See *Grupo Gigante SA de CV* v. *Dallo & Co.*, 391 F.3d 1088, 1098 (9th Cir. 2004) (holding that *more* than secondary meaning is necessary).[1] The owner of a well known foreign trademark typically does not have occasion to invoke that doctrine to obtain protection in the United States because the owner of that mark has a strong commercial incentive to take direct advantage of the vibrant United States market by registering, promoting, and using its mark in this country, and the mark will typically have acquired secondary meaning through those means. Not surprisingly, few courts have had occasion to discuss the doctrine, and the contours of the doctrine are correspondingly unclear. See generally 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 29:4 (4th ed. 2006). Indeed only one court of appeals decision, *Grupo Gigante*, *supra*, has even decided whether this protection to well known marks is embodied in federal law, and the court of appeals in this case expressly declined to decide that question. Pet. App. 19a ("We do not reach the question of whether to recognize the famous marks doctrine."). The doctrine has heretofore had quite limited application and no reported federal decision (other than the now-vacated district court decision below) holds that the doctrine's requirements have been met.[2]

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[1] A well known mark may also be entitled to other protections, apart from the famous marks doctrine as discussed in the text, that are not at issue here. See Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985; *Moseley* v. *V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

[2] In *Grupo Gigante*, for example, the court of appeals remanded for further findings to determine whether the plaintiff's mark met the doctrine's requirements. See 391 F.3d at 1098. See also *De Beers LV Trademark Ltd.* v. *DeBeers Diamond Syndicate*, No. 04 Civ. 4099, 2005 WL 1164073, at *9 (S.D.N.Y. May 18, 2005) (giving party alleging a famous mark the opportunity to prove the requisite level of fame). A larger number of

ii. An owner of a well known foreign trademark that registers or uses its mark in the United States obtains very substantial protection under United States law because the Lanham Act provides owners with an established and effective means of protecting rights obtained through registration or use. Although Cubatabaco has long faced the CACRs' restrictions on use of the mark on products sold in the United States, the CACRs do allow Cuban entities to register trademarks, a course that Cubatabaco considered but did not pursue to protect its COHIBA trademark. See Pet. App. 7a; see also 15 U.S.C. 1126(e) (2000 & Supp. II 2002) (allowing United States registration based on foreign registration); 31 C.F.R. 515.527 (general license allowing Cuban entities to register trademarks). If Cubatabaco had followed the familiar registration regime that other owners typically follow, it would have had no need to turn to an unpreserved Section 43(a) claim. See Br. in Opp. 3-5; see also 15 U.S.C. 1115(a) (registration establishes a presumption of "ownership" and the "exclusive right to use the mark"); see generally *Park 'N Fly, Inc.* v. *Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985).

iii. Likewise, the court of appeals' decision does not implicate the right of owners not subject to the CACRs or some other extraordinary federal bar. Even the hypothetical foreign

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cases hold simply that the mark in question was not sufficiently famous for the doctrine to apply. See, *e.g.*, *Buti* v. *Perosa, S.R.L.*, 139 F.3d 98, 104 n.2 (2d Cir.), cert. denied, 525 U.S. 826 (1998); *Person's Co., Ltd.* v. *Christman*, 900 F.2d 1565, 1570 (Fed. Cir. 1990); *ITC Ltd.* v. *Punchgini, Inc.*, 373 F. Supp. 2d 275, 291 (S.D.N.Y. 2005). The government is aware of only two decisions of any kind over the past fifty years (apart from the district court decision below) finding that the doctrine's requirements were satisfied. One is a decision of a state court involving the famous Paris restaurant "MAXIM'S." See *Vandable* v. *Montmartre, Inc.*, 193 N.Y.S.2d 332 (1959). The other is a decision of the Trademark Trial and Appeals Board involving the famous English tennis tournament "WIMBLEDON." See *All England Lawn Tennis Club (Wimbledon) Ltd.* v. *Creations Aromatiques, Inc.*, 220 U.S.P.Q. 1069 (TTAB 1983).

trademark owner that has registered and uses its famous mark abroad, but has not registered or used it in the United States, would have no need to resort to a non-infringement-based Section 43(a) remedy for consumer confusion unless the owner also faces an extraordinary federal bar on the expected operation of the famous marks doctrine. The court of appeals did not hold that, in the absence of such a bar, it would limit the Section 43(a) remedies of the owner or otherwise fail to give the foreign owner priority in this country. Its ruling on non-infringement-based Section 43(a) remedies was premised on, and designed to protect, the limits imposed by the CACRs. The federal bar at issue here, arising from the CACRs, pertains exclusively to property in which Cuba or a Cuban national has an interest, and it is therefore quite limited. Few similar laws exist, and other comprehensive sanctions regimes contain different language regarding trademarks that may not bar the operation of the famous marks doctrine. See, *e.g.*, 31 C.F.R. 538.514(a)(2) (Sudanese Sanctions Regulations authorizing "[t]he receipt of a patent, trademark, copyright or other form of intellectual property protection"); accord 31 C.F.R. 560.509 (Iranian Transaction Regulations).[3]

[3] State law, such as the law of unfair competition, may also provide relief in certain circumstances if consistent with federal law, including the CACRs. See *Almacenes Exito S.A.* v. *El Gallo Meat Mkt., Inc.*, 381 F. Supp. 2d 324, 328-329 (S.D.N.Y. 2005) (rejecting famous marks doctrine as a matter of federal law, but noting that plaintiff could maintain state causes of action for trademark dilution infringement and unfair competition); *Maison Prunier* v. *Prunier's Rest. & Cafe, Inc.*, 288 N.Y.S. 529 (1936) (granting injunction against unfair competition by restaurant using the name of a foreign restaurant chain). In this case, Cubatabaco was unable to obtain relief under New York unfair competition law because the district court found that respondents did not act in bad faith. See Pet. App. 47a. But that will not always be the case, and the domestic user of a famous foreign mark may face a difficult burden in showing that it has not acted in bad faith. See, *e.g.*, *Person's*, 900 F.2d at 1570 (noting that "there is some case law supporting a finding of bad faith where * * * the foreign mark is

In sum, the court of appeals' rejection of the possibility of a Section 43(a) claim for consumer confusion, not based on infringement of the United States mark, in the narrow circumstances of this case is unlikely to be of much practical significance in the commercial world. A foreign owner of a well known trademark will not need to seek relief based on that theory unless the foreign owner has failed to register its mark in the United States and is subject to unusual federal restrictions such as the CACRs.

c. Cubatabaco mistakenly urges that this Court's review is nevertheless warranted because the court failed to defer to the Executive Branch's interpretation of its regulations. See Pet. 2, 9-10, 12-22; see also NFTC Amicus Br. 5-6, 12-13. The court of appeals, however, concurred with the government's principal submission that the CACRs prohibited Cubatabaco from obtaining the United States COHIBA trademark by operation of the famous marks doctrine, Pet. App. 26a, and it accordingly stated that it "need not determine what level of deference is owed to the U.S. Department of Treasury's interpretation of the Embargo Regulations," *ibid.* The court further suggested that, should deference be an issue, it would adhere to its prior decision in *Havana Club Holding* that "the interpretation of a provision of the Embargo Regulations 'given by the agency charged with enforcing the embargo is normally controlling.'" *Ibid.* (quoting *Havana Club Holding*, 203 F.3d at 125). The court of appeals correctly recognized the governing principles. See, *e.g.*, *Auer* v. *Robbins*, 519 U.S. 452, 461 (1997).

The court of appeals parted with the government only on the question whether Section 43(a) would provide the holder of a famous mark with a remedy for consumer confusion apart from infringement of the United States trademark. The government

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famous here") (citing *Vandable* v. *Montmarte, Inc.*, *supra*, and *Mother's Rests. Inc.* v. *Mother's Other Kitchen, Inc.*, 218 U.S.P.Q. 1046 (TTAB 1983)).

maintains that the court of appeals erred in that respect by too quickly dismissing the possibility of such a remedy and too readily equating it with transferring ownership of the mark. Compare Pet. App. 34a-35a, with *id.* at 68a-74a. But that disagreement is limited to a very narrow question of intellectual property law, grounded in the court's interpretation of the Lanham Act in a context that has not previously been litigated, and, as noted, is unlikely to arise with any frequency.[1]

2. Cubatabaco urges (Pet. 22-26) this Court to resolve whether, if there is a conflict between the CACRs and the United States' treaty obligations under Article 6*bis* of the Paris Convention, the regulations or the treaty provisions would control. The court of appeals suggested that, if there were an irreconcilable conflict, the CACRs would prevail. Pet. App. 38a. Cubatabaco argues that the court of appeals has effectively ruled that the CACRs abrogated Article 6*bis* and that the court's ruling is "such an unusual judicial intrusion into the Executive's foreign affairs powers, and so threatens to embarrass the Executive in its conduct of foreign relations, that it requires review by this Court." Pet. 22. Cubatabaco, however, does not accurately characterize the government's position or the court of appeals' discussion of the issue.

The United States stated in its amicus curiae letter brief that the CACRs and Article 6*bis* of the Paris Convention are compatible and that a Section 43(a) claim for consumer confusion,

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[1] If the court of appeals' decision hampers the government's implementation of the CACRs or creates tension with the United States' obligations under Article 6*bis* of the Paris Convention, the government may make appropriate revisions to those regulations. Furthermore, the government has discretion to grant Cubatabaco a specific license, if deemed appropriate, to relieve the entity of the obstacles that the CACRs may pose to its assertion of trademark rights. See 31 C.F.R. 515.201. Cubatabaco has applied for a specific license to acquire retroactively the COHIBA trademark in the United States by operation of the famous marks doctrine, and this license request is pending.

without a claim of ownership of the United States trademark, would provide an avenue for obtaining the relief that Article 6^{bis} envisions. See Pet. App. 71a-72a. Cubatabaco, however, did not preserve such a claim in this case. The court of appeals expressed its view that such a claim, in any event, would not be available, *id.* at 31a-35a, and it further stated its view that Article 6^{bis} and Sections 44(b) and (h) of the Lanham Act would not "require cancellation of [respondents'] properly registered trademark or an injunction against its use of the mark in the United States under these circumstances," *id.* at 38a. The court of appeals then stated that, if there were "an irreconcilable conflict" between the CACRs and Article 6^{bis}, the CACRs would prevail. *Ibid.* The government did not address the question of what result would obtain if the CACRs and Article 6^{bis} were in conflict. The court of appeals' observation that the CACRs would prevail in such a situation is plainly dicta that is not likely to "embarrass the Executive in its conduct of foreign relations" (Pet. 22), especially in light of the Executive's ability to modify the CACRs to ameliorate any perceived conflict. See note 4, *supra*.

In any event, the resolution of a hypothetical conflict between the CACRs and Article 6^{bis} of the Paris Convention does not warrant this Court's review. As noted above, the specific legal question here—whether the holder of a famous mark from an embargoed country can obtain the cancellation, and injunction against the use, of a competing domestic mark—is so narrow that this is the only known case involving such a question. Nor is there any broader question here worthy of this Court's review. This Court has clearly articulated the relevant legal standard: "[W]hen a statute which is subsequent in time is inconsistent with a treaty, the statute to the extent of conflict renders the treaty null." *Breard* v. *Greene*, 523 U.S. 371, 376 (1998) (quoting *Reid* v. *Covert*, 354 U.S. 1, 18 (1957) (plurality opinion)). The

court of appeals properly acknowledged that standard. See Pet. App. 38a.[5]

3. Cubatabaco urges (Pet. 28-29) that this Court should review the court of appeals' reaffirmation of its decision in *Havana Club Holding, supra*, that Sections 44(b) and (h) of the Lanham Act do not provide a basis for seeking relief under the Inter-American Convention that is not related to the repression of unfair competition. See Pet. App. 39a-43a. This Court has already declined to review the court of appeals' decision in *Havana Club Holding*, 531 U.S. 918 (2000), and nothing has changed since that time. There is no conflict among the courts of appeals on the issue. Indeed, the Second Circuit, in this decision and in *Havana Club Holding*, is the only court of appeals to address the issue. There accordingly is no basis for this Court's review of that issue.

[5] Cubatabaco suggests that the specific language of the LIBERTAD Act, together with the particular sequence of events here combine to render the court of appeals' application of *Breard* incorrect. Pet. 23-24. But even if that argument had merit, the erroneous application of a correct legal rule would not provide an appropriate basis for this Court's review.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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MAY 2006

No. 05-417

In The
Supreme Court of the United States

EMPRESA CUBANA DEL TABACO,
d/b/a/, CUBATABACO

Petitioner,

v.

GENERAL CIGAR CO., INC. and
GENERAL CIGAR HOLDINGS, INC.,

Respondent.

**On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Second Circuit**

BRIEF OF *AMICUS CURIAE* THE NATIONAL FOREIGN TRADE COUNCIL IN SUPPORT OF PETITION FOR CERTIORARI

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STATEMENT OF INTEREST

The National Foreign Trade Council ("NFTC") is the premier business organization in the United States advocating and advancing a rules-governed world economy. The primary source of those rules are the multilateral treaties that regulate and facilitate trade, investment and the protection of intellectual property rights worldwide. Continued United States adherence to its commitments under one such treaty, the Paris Convention for the Protection of Industrial Property – and the importance of that adherence to American companies engaged in international trade – is the issue at the heart of this case.[1]

The NFTC was founded in 1914 by a group of American companies that supported an open world trading system in a period of escalating commercial and military rivalries that were soon to produce World War I. Today the NFTC and its affiliates serve over 300 member companies through offices in Washington and New York.

The Council's membership includes manufacturing corporations, financial institutions and other U.S. firms having substantial international operations or interests. It is the oldest and largest U.S. association of businesses devoted to international trade matters. Its membership consists primarily of U.S. firms engaged in all aspects of international business, trade, and investment. Most of the largest U.S. manufacturing companies and most of the 50 largest U.S. banks are members of the NFTC. Council

[1] In accordance with Supreme Court Rule 37.2(a), the NFTC has obtained written consent to the filing of this *amicus curiae* brief from the counsel of record for both parties. Those letters of consent have been filed with the Clerk of the Court. Pursuant to Supreme Court Rule 37.6, *amicus curiae* certifies that this brief was not authored, in whole or in part, by counsel for a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than *amicus curiae* or its counsel.

members account for at least 70% of all U.S. non-agricultural exports and 70% of U.S. private foreign investment.[3]

The mission of the NFTC is to promote efficient and fair global commerce through advocating public policies that foster an open international trade and investment regime. To that end the NFTC mobilizes expertise and disseminates information on key issues concerning the world trading system. The NFTC influences public debate through interaction with policy makers and opinion leaders and by convening government-private sector discussions of important international trade and investment issues.

The NFTC periodically provides testimony to Congress on issues of concern to member companies and legislators. Last year, for example, the President of the NFTC, William A. Reinsch, testified before the Senate Committee of the Judiciary on a matter very similar to the principal issue arising from this case – that is, the importance of the preservation, on behalf of the United States' corporate sector, of a settled international trading order sustained by United States adherence to its global intellectual property treaty commitments. The position of the NFTC as it relates to matters such as the one at issue in this case – i.e., reciprocal recognition and enforcement between the United States and Cuba of the "famous marks doctrine" relating to trademarks – is to support adherence to all treaties that expand U.S. exports, protect U.S. foreign investment and enhance the competitiveness and profitability of U.S. industry through the promotion and maintenance of a fair and equitable trading system.

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[3] A list of members that constitutes the NFTC's Board of Directors is available at http://www.nftc.org/default.asp?Mode=DirectoryDisplay&id=134

The NFTC is regularly involved in litigation relating to international commerce and foreign policy issues. A recent example is the case of *Crosby v. National Foreign Trade Council*, 530 U.S. 363 (2000), in which the NFTC brought suit in a successful challenge to a Massachusetts' law that attempted to block trade with Burma. The Court held that law to be pre-empted by the supremacy clause of the Constitution (Art. VI, cl. 2).

The Second Circuit Court of Appeals' decision in what has come to be called in the international trade community the "*Cohiba* cigar case" devolved on a finding by the court that a set of Treasury Department regulations *must* be construed to abrogate U.S. treaty obligations owed Cuba under the Paris Convention. Remarkably, the Second Circuit's decision is in direct contradiction to the stated position of the General Counsel of the Treasury Department (expressed in an *amicus curiae* letter to the court), that stated unequivocally his agency's view that the Cuban embargo regulations his Department both promulgated and enforce on an almost daily basis, "do not prohibit the district court's order canceling General Cigar's *Cohiba* registration and enjoining that company from using the *Cohiba* mark." That view was not arrived at perfunctorily, but rather was the product of what the Treasury Department described to the district court as "high level consultations" with the Department of State, the Office of the United States Trade Representative and the U.S. Patent and Trademark Office.

In particular, the Treasury Department's General Counsel advised that the United States is "required" by Article 6bis of the Paris Convention to grant cancellation and injunctive relief in the *Cohiba* case based on the

factual findings of the district court.[3] He went on to state his agency's conclusion that the district court correctly found that section 43(a) Lanham Act relief could be judicially applied on behalf of the Cuban owner of the *Cohiba* trademark under current embargo regulations, and that such relief "harmonizes the [Lanham Act] with Article 6bis of the Paris Convention, to which both the United States and Cuba are parties, and which the Lanham Act implements in the United States."

The NFTC and its members have a genuine and compelling interest in a proper application in the *Cohiba* cigar case of such principles as judicial deference to the Executive Branch in matters of foreign policy and firm support of U.S. adherence to its treaty obligations. The NFTC's interest rests on three concerns that arise from the Second Circuit's decision: (1) The decision will prove damaging to the commercial interests of U.S. companies in foreign markets if it is allowed to stand as a precedent for the proposition that foreign trade sanctions, as conceived and imposed by the Executive Branch, may be held by the courts – in *opposition* to the position of the U.S. agencies charged with promulgating and administering those trade sanctions – to *compel* abrogation of U.S. treaty obligations in order to inflict unilateral, judicially ordained disabilities on the nationals and companies of sanctioned countries. (2) Trademarks registered in Cuba by NFTC member companies are now in jeopardy as a result of the Second Circuit's unilaterally-ordained U.S. abrogation of the treaty obligations owed to Cuban nationals and companies

[3] Article 6bis of the Paris Convention for the Protection of Industrial Property (to which both the United States and Cuba are signatories), provides that: "[signatory nations] undertake . . . to refuse or to cancel the registration, and to prohibit the use [of a trademark] . . . liable to create confusion [with] a mark . . . well known . . . as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods."

under the Paris Convention. (3) U.S. companies will lose the benefits they at present derive from United States adherence to its global intellectual property treaty commitments, because, without such adherence, the U.S. loses the moral authority it must possess if it is to demand successfully reciprocal adherence from other nations to *their* treaty obligations that protect U.S. intellectual property abroad.

On the basis of the concerns identified above, *amicus curiae* urges the Court to review the Second Circuit's decision in the *Cohiba* case for (i) its conformity to the most basic principles of deference to Executive Branch decisions and (ii) its regard for this nation's treaty obligations, something the Court has instructed repeatedly the lower courts *must* adhere to when adjudicating cases that involve the foreign relations of the United States.

SUMMARY OF ARGUMENT

This case arises from an extraordinary sequence of events in which the Second Circuit Court of Appeals began by requesting guidance from the Executive Branch on the correct interpretation of a set of regulations that constitute the U.S. embargo on Cuba, and ended by that court acting directly contrary to the interpretation it received.

The court's request was directed to the agency entrusted by express presidential delegation with creating, implementing and enforcing the Cuban embargo – the United States Department of the Treasury. Upon review of that agency's interpretation of the proper scope and application of its embargo regulations relating to Cuba and the interconnectedness of those regulations and U.S. treaty obligations owed to Cuba under the Paris Convention, the Court of Appeals rejected – indeed, spurned – the very Executive Branch guidance it sought and instead of deferring to the interpretation it received, it substituted

its own view of how the Treasury Department's Cuban embargo regulations should be construed and applied. A direct consequence of the Second Circuit's action was to put the United States – as that court *knew* it would – in breach *vis-à-vis* Cuba of the Paris Convention.

The NFTC is unaware of any case in which the federal courts have acted in such disregard of the venerable foreign affairs authority of the President of the United States, as delegated to an Executive Branch agency. In its decision the Court of Appeals (1) violated the doctrine of judicial deference to an agency's interpretation of its own rules, particularly if those rules involve this nation's foreign relations; (2) construed a set of administrative regulations in such a way as to find an abrogation *vis-à-vis* Cuba of the Paris Convention when there was *no* evidence of any intention by either Congress or the Executive Branch to rescind or otherwise impair the rights of Cuban nationals under that treaty; (3) usurped the Executive Branch's prerogative of conducting the nation's foreign relations regarding Cuba in a flexible manner that, among other things, gives due consideration to the reciprocal treaty obligations the United States shares with that country.

ARGUMENT

I. Background to the Embargo on Cuba and a Comment on the Important U.S. National Interest in Preserving Treaties Intact During Temporary U.S. Trade Sanctions, so that Post-Embargo Trade May Be Freely Resumed with Formerly Sanctioned Countries

Since 1963, the United States has imposed a comprehensive embargo on Cuba. *See Regan v. Wald*, 468 U.S. 222, 226 n.4 (1984). The authority for the Executive Branch's imposition of that embargo is provided by the

Trading With the Enemy Act of 1917 ("TWEA"), codified at 50 U.S.C. App. § 1-44.

The specific (and shifting) terms of the embargo on Cuba are contained within the Cuban Asset Control Regulations ("CACR"), as they are amended periodically to effectuate each Administration's determinations with respect to Cuba. Those Regulations were promulgated by the U.S. Department of the Treasury in first instance and are enforced and regularly revised by that agency as an aspect of the foreign relations of the United States. *See* 31 C.F.R. Part 515.

The Trading With the Enemy Act's authorization (at § 5(b)(1)(b)) of an embargo on Cuba "under such rules and regulations as [the president] may prescribe" was delegated by the president some decades ago to the Secretary of the Treasury, who in turn devolved that authority onto the Treasury Department's Office of Foreign Assets Control ("OFAC"). *See Sardino v. Federal Reserve Bank of New York*, 361 F.2d 106, 109 n.2 (2d Cir.), *cert. denied*, 385 U.S. 898 (1966) *and* 31 C.F.R. § 515.802.

It is a fundamental aspect of this case that the Court has emphasized the breadth of discretion given the Executive Branch by the Trading with the Enemy Act. *See Regan v. Wald*, 458 U.S. at 232 n.16 (noting the "sweeping statutory language" of TWEA and describing efforts to limit Executive Branch authority under that statute as "border[ing] on the frivolous"). *See also Dames & Moore*, 453 U.S. 654 at 672 (1981) ("the legislative history and cases interpreting the TWEA fully sustain the broad authority of the Executive when acting under this congressional grant of power").

The Court's past characterizations of the broad reach of Executive Branch authority under the TWEA is in keeping with the Court's understanding that the Constitution confers a broad prerogative on the President and his delegates to conduct the country's foreign affairs. Indeed,